# Economic Review 2011
# St. John's Metropolitan Area

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## 2011 Performance

Employment in the St. John's Census Metropolitan Area (CMA) increased by 4.5% (or 4,500) to 105,400–goods sector employment increased by 22.6% (or 3,300) to 17,900 and service sector employment increased by 1.4% (or 1,200) to 87,500. Goods sector employment gains were led by increases in construction and oil and gas.

The labour force of the CMA increased by 3.2% (or 3,500) and since labour force growth was less than employment growth the unemployment rate decreased by 1.1 percentage points to 6.6%, the lowest annual unemployment rate in the last 15 years. During 2011, the St. John's CMA had the fifth highest employment growth of all CMAs in Canada.

The participation rate (the proportion of the working age population which is either working or looking for work) continued to increase in 2011 to reach 70%, the highest rate recorded in the last 15 years.

Strong employment growth and wage gains boosted labour income – as a result, personal income increased by 6.9% to $8.1 billion. Retail sales are estimated to have increased by 6.0% in the CMA in comparison to an estimated increase of 4.8% for the province and an increase of 3.5% for Canada.

Over the January to November 2011 period, the value of non-residential building permits issued in the CMA decreased by 51.4% (to $153.7 million) compared to the same period a year earlier, albeit from the record level of $323.6 million recorded in 2010, but remain high from a historical perspective. The value of residential building permits increased 2.9% (to $457.2 million).

Housing starts increased by 5.9% in 2011 to a record level 1,923 units. Housing construction remains robust due to low interest rates, personal income gains and continued high levels of consumer confidence. Furthermore, rapidly increasing house prices (up 6.9% in 2011) are boosting household wealth and purchasing power, although signs of stabilization are emerging.

The CMA population has increased steadily over the past decade and now stands at over 195,000. It is estimated that since 2006 the population of the St. John's CMA has increased by more than 6%.

Real Gross Domestic Product (GDP) attributed to the CMA is estimated to have increased by 2.9% in 2011 to $9.57 billion (in 2002$)–in comparison to an increase of 4.9% for the province as a whole. The increase is primarily due to increased capital expenditures and employment related to major project development, namely the Long Harbour nickel processing facility, Hebron and Hibernia South Extension, which more than offset a modest decrease in oil production. Industries contributing to significant growth include construction; wholesale and retail trade; and professional, scientific and technical services.

Excluding the oil and gas industry the CMA's 2011 real GDP increased by 4.1%. Increases in government spending, wage gains, and general optimism with respect to future mega projects continue to boost economic activity in the CMA.

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## Outlook for 2012

Economic growth—as measured by real GDP—is expected to slow in 2012 due to a decline in exports stemming from lower oil production. However, domestic demand is expected to continue to be robust due to continued high levels of major project investment.

During 2012, construction activity at the site of Vale's nickel processing facility in Long Harbour is expected to peak, the Hebron and other developments are expected to ramp up, and all producing oil projects have scheduled expansion or maintenance, resulting in continued strength in investment expenditures. Private sector industries related to this investment, such as construction; professional, scientific and technical services; and wholesale and retail trade, are all expected to exhibit solid performance in 2012.

Strong domestic demand is expected to lead to solid growth in other economic indicators. Both employment and personal income are expected to post solid gains. Increased employment and income, combined with high levels of consumer confidence, will bolster consumer spending—retail trade is also expected to continue to record steady growth. Population is expected to increase in 2012 as job openings and sustained optimism regarding the strength of the economy result in continued net in-migration.

**Economic Indicators**
**St. John's Census Metropolitan Area, 2010–11**

| | 2010 | 2011e | % Change 2010-11e |
|---|---|---|---|
| Real GDP (2002$M) | 9,301 | 9,575 | 2.9% |
| Employment | 100,900 | 105,400 | 4.5% |
| Labour Force | 109,300 | 112,800 | 3.2% |
| Unemployment Rate | 7.7% | 6.6% | -1.1 pp |
| Participation Rate | 68.6% | 70.0% | 1.4 pp |
| Personal Income ($M) | 7,580 | 8,103 | 6.9% |
| Retail Trade ($M) | 3,247 | 3,443 | 6.0% |
| Housing Starts | 1,816 | 1,923 | 5.9% |
| CPI (2002=100) | 117.4 | 121.4 | 3.4% |
| Population | 192,326 | 195,019 | 1.4% |

PP: denotes percentage point change

Note: The St. John's Census Metropolitan Area is a Statistics Canada geographically defined area including St. John's and neighbouring communities